

SBA Applauds Stimulus Bill

Planning Underway For Broadest, Quickest Small Business Impact

The American Recovery and Reinvestment Act contains a package of loan fee reductions, higher guarantees, new SBA programs, secondary market incentives, and enhancements to current SBA programs that will help unlock credit markets and begin economic recovery for the nation's small business sector.

"There's a lot to digest in the legislation, and SBA has established teams to tackle a wide variety of policy decisions, system modifications, regulatory changes, legal requirements, and new program launches authorized by the President and Congress," said Acting SBA Administrator Darryl K. Hairston.



The bill provides \$730 million to SBA and makes changes to the agency's lending and investment programs so that they can reach more small businesses that need help. The funding includes:

- ▶\$375 million for temporary fee reductions or eliminations on SBA loans and increased SBA guaranteed shares, up to

90 percent for certain loans

- ▶\$255 million for a new loan program to help small businesses meet existing debt payments

- ▶\$30 million for expanding SBA's Microloan program, enough to finance up to \$50 million in new lending and \$24 million in technical assistance grants to micro-lenders

- ▶\$20 million for technology systems to streamline SBA's lending and oversight processes

- ▶\$15 million for expanding SBA's Surety Bond Guarantee program

- ▶\$25 million for staffing up to meet demands for new programs

**See Stimulus Bill
Continued on Page 2**

SBA Revises Standard Operating Procedure

Makes it Easier for Lenders to Refinance Existing Lines of Credit

The SBA has released the first revision to its procedural guidance governing lender participation and loan processing for the two SBA major loan guarantee programs: 7(a) and 504.

The revisions to the Standard Operating Procedure 50 10 (5) reflect suggestions made by participating lenders and includes a modification to SBA's policy on refinancing existing lines of credit.

[Click here to view
SOP 50 10 \(5A\).](#)

The change will make it easier for lenders to use the 7(a) loan guarantee program to refinance an existing line of credit, especially as a part of a complete refinancing of a small business borrower's debt.

The revision will be known as SOP 50 10 (5A) and will be effective for loans approved on or after March 1, 2009.

Last August, the SBA implemented the first major overhaul to SOP 50 10 in ten years, which included streamlining it from 1,000 pages to 400 and making it more logically organized and user friendly. As a part of the overhaul,

the SOP was converted into an electronic document using hyperlinks to take users to relevant regulations and forms.

The agency made a commitment to update the document semi-annually. This commitment reflects the dynamic nature of the small business environment and the need to keep SBA policies and procedures current.

Stimulus Bill

Continued from Page 1

- ▶ \$10 million for the Office of Inspector General

The bill also authorizes refinancing for certain SBA loans so borrowers can expand their businesses on favorable terms, and expands leverage capability for Small Business Investment Companies.

“We are going to be part of the solution, and this bill gives us specific tools to make it easier and less expensive for small businesses to get loans, give lenders new incentives to make more loans, and help restore healthy SBA secondary markets to boost liquidity,” Hairston said, noting also that more details on implementation will be coming over the next few weeks.

The stimulus bill takes a comprehensive approach and attacks several problems

facing small businesses at once by reducing fees, guaranteeing a greater share of certain loans, expanding capacity in the Microloan program, providing new loans to help small businesses keep their doors open through economic hardship, as well as new mechanisms to help unfreeze the secondary markets for SBA-backed loans.

Declines in SBA lending volume last year, which are continuing in FY 2009, reflect problems in the broader credit markets, and present hurdles to small businesses that are seeking credit in the current economy. The financial crisis has created a variety of conditions that impact small businesses, including a lack of liquidity in the banking system, a reluctance of many lenders to extend new loans, tightened

credit standards, weaker finances at small businesses, and uncertainty about taking on new debt on the part of many entrepreneurs.

The Recovery Act addresses small businesses' lending problems, and addresses key investment and contracting issues. The bill helps Small Business Investment Companies better leverage investment capital to reach more small companies. The bill also increases the current contract limit for SBA's Surety Bond Guarantee program, which will help small businesses compete for contracts.

[Click here for expanded press release and other details of stimulus package](#)

OKLAHOMA SMALL BUSINESS AWARDS LUNCHEON

April 7, 2009
11:30 a.m. to 1:00 p.m.
Rose State College
Midwest City, OK



Special Remarks:
Lt. Gov. Jari Askins
Oklahoma Small
Business Advocate

Keynote Speaker:
Colleen J. Payne-Nabors
Director of Operations
MCI Diagnostic Center

Save the Date!



Co-Sponsors:



Oklahoma Top 10 SBA Lenders & CDCs through January - FY 09

Top volume lenders by number of loans

1	BancFirst	13 loans	\$3,036,500
2	ONB Bank & Trust Company	7 loans	\$2,740,400
3	MidFirst Bank	7 loans	\$275,800
4	Innovative Bank	7 loans	\$190,000
5	Superior Financial Group, LLC	6 loans	\$55,000
6	Arvest Bank	5 loans	\$3,661,000
7	AVB Bank	5 loans	\$1,110,000
8	Central National Bank & Trust Company	4 loans	\$560,000
9	Borrego Springs Bank, N.A.	4 loans	\$175,000
10	Citizens Security Bank & Trust Company	3 loans	\$470,000

Top volume CDCs by number of loans

1	Small Business Capital Corp.	3 loans	\$2,697,000
2	Rural Enterprises of Oklahoma, Inc.	3 loans	\$2,298,000
3	Tulsa Economic Development Corp.	3 loans	\$1,736,000
4	Metro Area Development Corporation	2 loans	\$619,000

Top volume lenders by dollar value of loans

1	Live Oak Banking Co., Wilmington, NC	2 loans	\$4,000,000
2	Arvest Bank	5 loans	\$3,661,000
3	BancFirst	13 loans	\$3,036,500
4	ONB Bank & Trust Company	7 loans	\$2,740,400
5	Bank of the Lakes, N.A.	2 loans	\$1,979,000
6	First Community Bank Central Texas	2 loans	\$1,875,000
7	Amegy Bank, N.A., Kingwood, TX	1 loan	\$1,777,000
8	AVB Bank	5 loans	\$1,110,000
9	State Exchange Bank	1 loan	\$980,100
10	Regent Bank	2 loans	\$947,800

Top volume CDCs by dollar value of loans

1	Small Business Capital Corp.	3 loans	\$2,697,000
2	Rural Enterprises of Oklahoma, Inc.	3 loans	\$2,298,000
3	Tulsa Economic Development Corp.	3 loans	\$1,736,000
	Metro Area Development Corporation	2 loans	\$619,000

Top 10 Oklahoma SBA Loans in January 2009

2009/01/26

HILDEBRAND ENTERPRISES, LLC, TULSA
\$1,630,000.00

BANK OF THE LAKES, NATIONAL ASSOCIATION

2009/01/21

MICROTEL INN & SUITES, STILLWATER
\$1,494,000.00

RURAL ENTERPRISES OF OKLAHOMA, INC.

2009/01/14

PHIPPS DENTAL PRACTICE, P.C., Guymon
\$770,000.00

THE HUNTINGTON NATIONAL BANK

2009/01/14

BONAVISTA TECHNOLOGIES, INC., TULSA
\$750,000.00

ONB BANK AND TRUST COMPANY

2009/01/15

QUALITY INN, IDABEL
\$577,000.00

RURAL ENTERPRISES OF OKLAHOMA, INC.

2009/01/14

GALAXY LIMOUSINE, TULSA
\$530,000.00

ONB BANK AND TRUST COMPANY

2009/01/06

OKLAHOMA GOLD GYMNASTICS, INC., EDMOND
\$453,000.00

METRO AREA DEVELOPMENT CORPORATION

2009/01/09

RICK E. RAINEY, CPA PC, ELK CITY
\$350,000.00

GREAT PLAINS NATIONAL BANK

2009/01/09

BROWN 3 CONSTRUCTION, PAWNEE
\$250,000.00

THE FIRST NATIONAL BANK

2009/01/28

LT'S BROKERAGE, TULSA
\$250,000.00

CITIZENS SECURITY BANK & TRUST COMPANY

Oklahoma Lender ReadyTalk Training Scheduled

The following dates list the upcoming Lender ReadyTalk Training Sessions. The sessions are free and usually last about an hour. ReadyTalk training allows the Oklahoma District Office to reach the maximum number of lender across the state without leaving the office. Lenders can participate from the desktop. Readytalk incorporates online computer training with telephone conferencing. Trainings will be held on the 3rd Wednesday of every month at 10:00 a.m.

To participate simply access www.readytalk.com and enter Access Code 3068002. Next, you will need to phone 1-866-740-1260 for the conference portion of the training. When prompted, enter Access Code 3068002.

- **February 18-Overview of SBAExpress, CommunityExpress, & PatriotExpress Loan Programs**
- **March 18-Overview of the 7(a) Loan Program & Lender Advantage**
- **April 15 -Credit Standards, Collateral, Environmental Policies, Business Purchases, & Appraisals**
- **May 20-Loan Authorization, Closing, & Disbursement**
- **June 17 -COLSON & Lender Reporting**
- **July 15-Overview of the 504 Loan Program**
- **August 19-Pre & Post Approval Loan Modifications**
- **September 16-Overview of the CapLines Loan Programs**

For more information, please contact Sandra Ransome, 405-609-8019, Sandra.ransome@sba.gov, or Cindi Anderson, 405-609-8018, cindi.anderson@sba.gov.

SBA implements Addition of LIBOR Plus 3 Percent as Base

On November 13, 2008, SBA published an interim final rule that changed the definition of “base rate” set out in 13 CFR 120.214(c) to allow a new optional base rate: One Month LIBOR plus 3 percentage points (“LIBOR Base Rate”). On November 14, 2008, SBA issued Procedural Notice 5000-1081 to explain the ad-

dition of the LIBOR Base Rate.

SBA has revised regulations to allow a new optional base rate: One Month LIBOR plus 3 percentage points (“LIBOR Base Rate”). In addition, the base rate in effect on the first business day of the month will determine the basis for the initial interest rate for any loan application

received by SBA during that month. Historically, the initial interest rate was determined as of the date the loan application was received by SBA.

As a result of these changes, SBA has revised the relevant loan application forms as well as the Loan Authorization to accommodate the new LIBOR Base Rate.

- ⇒ SBA Form 1920SX - Part B (Supplemental Information for SBA Express, Pilot Loan Programs and PLP Processing),
- ⇒ SBA Form 2238 SBA Express/Patriot Express Guaranty Request (Eligibility Authorized), and
- ⇒ SBA Form 2301 (Part B) (Lender Advantage Initiative – Lenders Application for Guaranty) have replaced “P + _____” with the following data requirements.
- ⇒ (SBA Form 4-I, Lender’s Application for Guaranty or Participation, already has a space in which to identify the optional base rate.)

<input type="checkbox"/> Prime rate*	= _____	+ Spread _____	= Loan Interest Rate: _____
<input type="checkbox"/> LIBOR *(1 month) + 3.0%	= _____	+ Spread _____	= Loan Interest Rate: _____
<input type="checkbox"/> SBA Peg Rate	= _____	+ Spread _____	= Loan Interest Rate: _____

*Rate in effect on first business day of month as identified in a national financial newspaper or website.

For example, if an application is received by SBA in November of 2008 (on or after the effective date of Notice 5000-1081), the following would be the applicable base rate options:

Prime: 4.0 % (as in effect on the first business day of November)

LIBOR: 2.36 % (as in effect on the first business day of November) + 3.0 % = 5.36

SBA Peg Rate: 4.63 % (as in effect for the period between October 1, 2008 and December 31, 2008)

The applicable loan interest rate would then be the “base rate + the spread.”

For more information, please contact the Oklahoma District Office at 405-609-8000.



U. S. Small Business Administration
Commercial Loan Service Centers
Fresno and Little Rock

Version 01/30/09

Types of Actions / Modifications		Etrans?	Unilateral Actions		Requires prior SBA Approval
		YES	Notify SBA? NO	Notify SBA? YES	
Prior to Initial Disbursement					
	Maturity extensions (PLP/Express only Notify)			X	X
	Initial disbursement date (PLP/Express only Notify)			X	X
	Business name /trade change	X		X	
	Change in Tax ID # or Social Security #			X	
	Reduction/Increase in interest rate (PLP/Express only Notify)			X	X
	Increase/Decrease the guaranty percentage				X
	Reinstatement of loan				X
	Cancellation of loan	X		X	
	Environmental Reviews** (non-PLP / Express only)				X
	Environmental Reviews** (PLP / Express only)		X		
	Changes to loan authorization (non-PLP/Express only)				X
After Initial Disbursement (13 CFR § 120.535 and 13 CFR §120.536)					
Miscellaneous	Any action that confers a Preference on the Lender				X
	Transferring a loan between two Participant Lenders				X
	Transfers, sells or pledges more than 90% of a loan				X
	Any action for which prior written consent is required by a Loan Program Requirement (e.g. Emergency Repurchase from Secondary Market, see ch.5 of SOP 50-50-4)				X
Payments	Payment Modification//Deferrals***		X		
	Provide Payoff figures to borrowers		X		
	Rate Changes***			X	
	Determination of Involuntary Prepayment/Subsidy Recoupment Fee				X
	Accept prepayments		X		
Changes/Edits	Adjust management covenants		X		
	Assumption/Change in borrower's form****		X		
	Change of business names/address	X		X	
	Correct obvious typographical errors		X		
Loan Terms	Compromises on the principal balance of the SBA loan				X
	Increases to the principal amount of a loan				X
	Decrease in loan amounts			X	
	Extend final disbursement period			X	
	Decreasing guaranty percentage			X	
	Maturity extensions			X	
	Change of Loan from revolver to non-revolver	X		X	
	Reinstating the guaranty				X
	Termination of guaranty				X



U. S. Small Business Administration
Commercial Loan Service Centers
Fresno and Little Rock

Version 01/30/09

Types of Actions / Modifications		Etrans? YES	Unilateral Actions		Requires prior SBA Approval
			Notify SBA? NO	Notify SBA? YES	
Collateral	Release/substitute collateral		X		
	Subordinate to third party senior lien		X		
	Make loans that do not adversely affect the collateral		X		
	Release/substitute guarantors		X		
	Change life or hazard insurance requirements		X		
	Change flood insurance requirements in accordance with SBA policy			X	
	Taking title to any property in the name of SBA				X
	Taking title to environmentally contaminated property, or taking over operation and control of a business that handles hazardous substances or hazardous waste.				X

- * Documentation requirements: For all servicing actions, Lenders must document the justifications for their decisions and retain these and supporting documents in their file for future SBA review to determine if the actions taken by the Lender were prudent, commercially reasonable, and complied with all Loan Program Requirements.
- ** Loans approved on or after 8/1/08, Environmentals must be submitted to/approved by the Standard 7(a) Loan Processing Center - Citrus Heights, CA
- *** For loan sold on the Secondary Market, any payment modification, rate changes, and deferment over 3 months, must have investor approval
- **** Must be sent in to SBA if it involves changing business name/tax id/social security number

Other helpful information for Lenders

- ✓ When submitting a unilateral action to notify SBA, you will receive a receipt from the appropriate servicing center that your action was received — and that will be the only communication you will receive. This is a reminder of the streamlined process regarding the handling of unilateral actions.
- ✓ Lenders should direct their action, request and/or SBA Form 2237 Checklist to either:
Fresno Service Center at fsc.servicing@sba.gov
Little Rock Service Center at lrrc.servicing@sba.gov
- ✓ When taking action that falls within your unilateral authority, you are encouraged to notate your file with a statement such as "This action was taken pursuant to lender's Unilateral Authority." Then, attach this matrix to the statement and include it within your file.
- ✓ Lenders may contact their District Office Brand Managers if they have questions regarding the use of this matrix.
- ✓ Stamped approvals for unilateral actions are no longer issued by District Offices or by Centers.
- ✓ This is a handy guide. For the most recent version, be sure to check this website:
<http://www.sba.gov/aboutsba/sbaprograms/elending/clc/index.html>